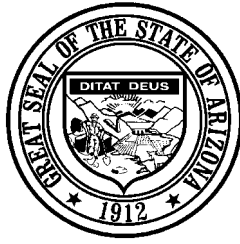


**DRAFT MINUTES**  
**Arizona Forest Health Oversight Council Meeting**



**Prescott Rodeo Grounds, September 11, 2003**

Members in Attendance:

Co-Chair      Honorable Tom O'Halleran

Ron Christianson  
Dr Richard Collison  
Lori Faeth  
Don Foster  
Dallas Massey, Sr.  
Kirk Rowdabaugh  
Rob Smith

Call to Order

Meeting called to order at 9:15 p.m. by Co-chair O'Halleran

Introduction

Representative O'Halleran introduced dignitaries from the audience including the mayor of Prescott.

Discussion and Action

The bulk of the meeting was devoted to a presentation by Marlon Johnson of the USDA Forest Service. Mr. Johnson presented some information and provided handouts on the market for wood products.

Discussion that followed included the following questions from the Oversight Council to Mr. Johnson:

Lori Faeth asked, "What are these projections based on?"

Mr. Johnson responded, "We used historic figures, population projections, and construction trends. They did not take changes such as new technology on energy costs into account as these are unknown."

Dr Collison asked, "In table 17, the inventory is increasing, yet exports remain flat. Are we planning to increase exports by improving our competitive position?"

Mr. Johnson responded, "Secondary processing must occur first. It is hard for businesses to think that they will have a reliable supply from forestlands. It is difficult for the Forest Service to provide these assurances, especially in cases where we would need to provide financial assurances. Although we can plan for a longer timeframe, Congress can reallocate the funding for those programs."

Don Foster asked, "What is the Forest Service going to do to create more reliability so that we can assume the stewardship of our forests? It would take the ability to plan for at least a 10-year timeframe to bring our forests to health. Is Congress going to restructure the laws appropriately to accomplish this?"

Mr. Johnson said, "The Forest Service does not have the authority to change the law and cannot predict what Congress is going to do. Within existing rules, the Forest Service is restructuring administrative procedures to change how we operate."

Lori Faeth asked, "Is the Forest Service is planning to make changes to the procurement process".

Mr. Johnson replied that law proscribes much of the procurement process. It would take an act of congress to change those elements of the process.

Kirk Rowdabaugh asked, "Is there is enough market capacity to remove all of the wood that needs to be removed, or is there more than the market would bear? If all impediments in the process were removed, would the market be adequate to solve the problem?"

Mr Johnson replied, "Home Depot is importing lumber. If we developed the industries to thin the forests, we might reach the break-even point."

Kirk asked, "Could we sell it all?"

Mr. Johnson responded, "This would be a blip on international markets. In the US, we have been adding about one lumber plant a year."

Lori asked if it was true that lumber plants have been laying off employees?

Mr. Johnson did not know.

Lori Faeth asked, "What is the cost of hazardous fuels reduction?"

Mr. Johnson replied, "This is highly variable. It is seldom under \$200 per acre and can reach \$1,000 per acre."

Mr. O'Halleran, referring to a handout on lumber prices stated, that the numbers could be an aberration. He added that the spot market for raw lumber is actually down and declining.

What is the Forest Service plan and what is the timeline? Has the forest service asked Congress for money?

Mr Johnson said, "We have. It all depends on the level of commitment."

Dr. Collison asked how the contracting process was going.

Mr. Johnson responded, "We are still getting no bids on some projects. We must offer subsidies. Arizona is the worst off in the west.

New authority is needed in the contracting process. Right now, we can contract for 10 years, but Congress can pull the funding after 3 years. This doesn't promote the reliability needed to promote business."

Rob Smith added That small diameter trees were not included in the projection.

#### Discussion and Action

There was no public comment.

**Future Meeting Dates** – The next meeting will be held on October 2 in Tucson.

#### Adjournment

Meeting adjourned at 4:00 by Mr. O'Halleran.